

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)	
DELMARVA POWER & LIGHT COMPANY FOR)	
AUTHORITY TO IMPLEMENT A DISTRIBUTION)	
SYSTEM IMPROVEMENT CHARGE (DSIC))	PSC DOCKET NO. 20-0803
RATE FOR ELECTRIC DISTRIBUTION)	
EFFECTIVE JANUARY 1, 2021, PURSUANT TO)	
26 <i>DEL. C.</i> § 315)	
(FILED NOVEMBER 30, 2020))	

IN THE MATTER OF THE APPLICATION OF)	
DELMARVA POWER & LIGHT COMPANY FOR)	
AUTHORITY TO IMPLEMENT A DISTRIBUTION)	
SYSTEM IMPROVEMENT CHARGE (DSIC))	PSC DOCKET NO. 21-0409
RATE FOR ELECTRIC DISTRIBUTION)	
EFFECTIVE JULY 1, 2021, PURSUANT TO)	
26 <i>DEL. C.</i> § 315)	
(FILED MAY 28, 2021))	

ORDER NO. 10043

AND NOW, this 25th day of May 2022, the Delaware Public Service Commission (“Commission”) determines and orders the following:

WHEREAS, under the provisions of 26 *Del. C.* § 315, an electric or natural gas utility may calculate and collect a “Distribution System Improvement Charge” (“DSIC Rate”), allowing it to begin recovering depreciation expenses and a return on capital invested in “eligible distribution system improvements” put into service between rate cases; and

WHEREAS, under 26 *Del. C.* § 315(b)(3) and (b)(5), an electric or natural gas utility’s DSIC Rate, once initiated, may thereafter be adjusted on a semi-annual basis to reflect eligible improvements placed into service within the preceding six months;¹ and

¹For a more detailed description of the DSIC Rate mechanism, see PSC Order No. 5850 (December 11, 2001).

WHEREAS, on November 30, 2020, Delmarva Power & Light Company (“Delmarva”) filed an application to set its Electric DSIC Rate at 1.29%, effective January 1, 2021; and

WHEREAS, on December 14, 2020, by Order No. 9707, the Commission opened Docket No. 20-0803 and approved Delmarva’s application to set its Electric DSIC Rate at 1.29%, effective January 1, 2021, subject to Commission Staff’s (“Staff”) annual review, audit, and reconciliation of Delmarva’s Electric DSIC Rate; and

WHEREAS, on March 30, 2021, Delmarva filed a request to reset its Electric DSIC Rate to 0.00% effective April 1, 2021, to mitigate the over-collection of Electric DSIC revenue due to the discovery of an accounting error in the original filing; and

WHEREAS, on March 31, 2021, the Commission entered Order No. 9771, approving Delmarva’s request to reset its Electric DSIC Rate to 0.00% effective April 1, 2021; and

WHEREAS, on May 28, 2021, Delmarva filed an application to reset its Electric DSIC Rate to 1.74%, effective July 1, 2021; and

WHEREAS, on June 23, 2021, by Order No. 9825, the Commission opened Docket No. 21-0409 and approved an increase to Delmarva’s DSIC Rate from 0.0% to 1.66%,² effective July 1, 2021, subject to Staff’s annual review, audit, and reconciliation; and

WHEREAS, Staff conducted a review and audit of Delmarva’s Electric DSIC components and calculations, as revised, in Docket No. 20-0803 and found that the revised numbers complied with the statutory requirements. Specifically, Staff found that: (i) Delmarva’s overall rate of return did not exceed its authorized overall rate of return; (ii) Delmarva collected \$864,573 in Electric DSIC revenues for Docket No. 20-0803 during the period January 1, 2021, through June 30, 2021, which was \$760,250 over the Electric DSIC revenue requirement of \$104,323 for this period; (iii)

² In Order No. 9825, the Commission described the two adjustments it made to the requested DSIC Rate of 1.74%, which resulted in the approved DSIC Rate of 1.66%.

the revised portion of Delmarva's Electric DSIC calculation was accurate; and (iv) the revised total depreciation as calculated by Delmarva agreed with its general ledger; and

WHEREAS, based on its audit of the revised additional plant claimed by Delmarva in Docket No. 20-0803 and the revenues collected by Delmarva under the 1.29% Electric DSIC Rate, which was reset to 0.00% on April 1, 2021, Staff recommended that the Commission approve, as final, Delmarva's Electric DSIC Rates of 1.29% for January 1, 2021, through March 31, 2021, and 0.00% for April 1, 2021, through June 30, 2021; and

WHEREAS, Staff conducted a review and audit of Delmarva's Electric DSIC components and calculations contained in Docket No. 21-0409 and found that the numbers complied with the statutory requirements and aligned with the Electric DSIC Rate which the Commission previously approved in Order No. 9825. Specifically, Staff found that: (i) Delmarva's overall rate of return did not exceed its authorized overall rate of return; (ii) Delmarva collected \$2,037,210 in Electric DSIC revenues for PSC Docket No. 21-0409, which was \$99,630 over the semi-annual Electric DSIC revenue requirement of \$1,937,580 for this period; (iii) the plant portion of Delmarva's Electric DSIC calculation was accurate; and (iv) the total depreciation as calculated by Delmarva agreed with its general ledger; and

WHEREAS, based on its audit of the additional plant claimed by Delmarva in Docket No. 21-0409 and the revenues collected by Delmarva under the 1.66% Electric DSIC Rate, Staff recommended that the Commission approve, as final, Delmarva's Electric DSIC Rate of 1.66% for July 1, 2021, through December 31, 2021; and

WHEREAS, the over-collection of \$760,250 from Docket No. 20-0803, plus the associated interest of \$32,712, along with the over-collection of \$99,630 from Docket No. 21-0409, result in a total over-collection amount of \$892,592 for the annual reconciliation of the

Electric DSIC Rates for the 12-month period ending December 31, 2021, which will be reconciled in Delmarva's next Electric DSIC Rate application; and

WHEREAS, Staff shared its findings with Delmarva and the Delaware Division of the Public Advocate, both of which agree with Staff's findings;

**NOW THEREFORE, IT IS ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. Under the provisions of 26 *Del. C.* § 315, the Commission hereby approves as final Delmarva's 2021 Electric DSIC Rates of 1.29% (effective January 1, 2021, through March 31, 2021), 0.00% (effective April 1, 2021, through June 30, 2021), and 1.66% (effective July 1, 2021, through December 31, 2021), as previously allowed to go into effect by PSC Order Nos. 9707, 9771, and 9825.
2. That Delmarva shall reconcile the 2021 Electric DSIC over-collection amount of \$892,592 (which includes interest) in its next Electric DSIC Rate filing.
3. That nothing in this Order shall preclude the examination and challenge of Delmarva's claims in any base rate proceeding.
4. That the annual audit of the filings made in PSC Docket Nos. 20-0803 and 21-0409 are concluded, and these dockets are hereby closed.
5. That the Commission reserves the jurisdiction and authority to enter such further orders in these dockets as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Dallas Winslow, Chairman

Joann Conaway, Commissioner

Harold Gray, Commissioner

Manubhai “Mike” Karia, Commissioner

Kim F. Drexler, Commissioner

ATTEST:

Donna Nickerson, Secretary